

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 5, 2021

1:09 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Roger Holland, Vice Chair  
Senator Gary Stevens  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

Senator Joshua Revak

**COMMITTEE CALENDAR**

**SENATE JOINT RESOLUTION NO. 9**

Urging the United States Congress to exempt cruise ships from certain provisions of the Passenger Vessel Services Act and other applicable provisions of federal law for the period during which Canadian ports are closed to cruise ships carrying more than 100 people; and urging the President of the United States not to fine or take actions against cruise ships sailing to the state.

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SJR 9

SHORT TITLE: URGE EXEMPTION FOR CRUISE SHIPS

SPONSOR(s): SENATOR(s) KIEHL

02/10/21	(S)	READ THE FIRST TIME - REFERRALS
02/10/21	(S)	TRA, L&C
02/18/21	(S)	TRA AT 1:30 PM BELTZ 105 (TSBldg)
02/18/21	(S)	Moved SJR 9 Out of Committee
02/18/21	(S)	MINUTE(TRA)
02/19/21	(S)	TRA RPT 2DP 1NR
02/19/21	(S)	DP: MYERS, KIEHL
02/19/21	(S)	NR: SHOWER
03/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/03/21	(S)	Scheduled but Not Heard

03/05/21

(S)

L&C AT 1:30 PM BELTZ 105 (TSBldg)

## **WITNESS REGISTER**

SENATOR JESSE KIEHL  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SJR 9.

PATTI MACKEY, President and CEO  
Ketchikan Visitor Bureau  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of SJR 9.

BETH WELDON, Mayor  
City and Borough of Juneau  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SJR 9.

## **ACTION NARRATIVE**

[1:29:33 PM](#)

**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 1:29 p.m. Present at call to order were Senators Holland, Gray-Jackson, Stevens, and Chair Costello.

### **SJR 9-URGE EXEMPTION FOR CRUISE SHIPS**

[1:30:06 PM](#)

CHAIR COSTELLO announced the consideration of SENATE JOINT RESOLUTION NO. 9, Urging the United States Congress to exempt cruise ships from certain provisions of the Passenger Vessel Services Act and other applicable provisions of federal law for the period during which Canadian ports are closed to cruise ships carrying more than 100 people; and urging the President of the United States not to fine or take actions against cruise ships sailing to the state.

She stated that the intent is to hear the introduction, take invited and public testimony and hold the bill for future consideration.

[1:30:46 PM](#)

SENATOR JESSE KIEHL, Alaska State Legislature, Juneau, Alaska, sponsor of SJR 9, stated that this legislation calls for a life ring. In 2019, about 2.25 million visitors came to Alaska, 1.3

million of which were passengers on cruise ships. The tourism sector brings roughly \$4 billion in economic activity to Alaska each year. In 2020, the tourism figures dropped close to zero. While some businesses closed, others have held on with federal help from the CARES Act [Coronavirus Aid, Relief, and Economic Security Act]. Seasonal employees relied on pandemic unemployment assistance because there was no seasonal employment. He cautioned that many of these businesses will not survive without a cruise season this year.

SJR 9 asks Alaska's Congressional Delegation and the executive branch of the federal government for short-term relief to make it possible for Alaska to have a cruise ship season this year. He noted that he worked with members of the delegation when drafting the resolution.

SENATOR KIEHL said SJR 9 is not a request to make permanent changes to federal laws or lasting changes in federal rules designed to protect American steel or shipbuilding jobs. It is not an attack on U.S. jobs or local control of tourism. Nor is it a COVID risk. Rather, SJR 9 requests a waiver limited to the 2021 cruise ship season, he said.

[1:37:52 PM](#)

SENATOR STEVENS commented that it is a good sign that all members of the committee are co-sponsors. He asked if the cruise lines have confirmed that they will send ships to Alaska if they can legally transit Canadian waters.

SENATOR KIEHL replied he is hopeful but the cruise lines have made no commitments. He noted that they also have not made any final commercial decisions but they will do so very soon.

SENATOR STEVENS asked if coming to Alaska represents a large portion of cruise lines' business in a year.

SENATOR KIEHL replied that Alaska is about 4.5 to 5 percent of the global cruise business but Alaska is a tremendous part of the business for lines that come to the state. He said the primary focus of SJR 9 is the customers who come on the ships who patronize Alaskan-owned small and medium sized businesses that employ Alaskans.

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CHAIR COSTELLO found no further questions and asked if his staff intended to discuss the sections of the bill.

SENATOR KIEHL answered that his staff was prepared to do so but he was happy to save the committee the time since all the members had looked at it.

[1:40:24 PM](#)

CHAIR COSTELLO noted the proposed amendment.

[1:40:28 PM](#)

SENATOR GRAY-JACKSON moved Amendment 1, [work order 32-LS0503\B.1], to SJR 9.

32-LS0503\B.1  
Fisher  
2/23/21

### **AMENDMENT 1**

OFFERED IN THE SENATE  
TO: SJR 9

Page 2, line 29, following "actions":  
Insert: "under the Passenger Vessel Services Act"

CHAIR COSTELLO objected for discussion purposes.

SENATOR KIEHL explained that the amendment is in response to public testimony in the Transportation Committee. The concern was that the clause could be misinterpreted as a request not to fine cruise ships for some gross misconduct while in Alaskan waters. This clarifies that the clause is talking about the federal Passenger Vessel Services Act laws that would otherwise restrict the transit of these vessels.

[1:41:28 PM](#)

CHAIR COSTELLO removed her objection; finding no further objection, Amendment 1 was adopted.

CHAIR COSTELLO turned to invited testimony.

[1:41:58 PM](#)

PATTI MACKEY, President and CEO, Ketchikan Visitor Bureau, Ketchikan, Alaska, explained that Ketchikan could have expected \$263 million in community spending from the entire visitor industry in 2020. About \$220 million of that is estimated to have come from cruise line business. That includes \$190 million

in passenger spending, \$70 million in estimated crew spending, and \$20 million from the cruise industry itself on things like state and local fees, dockage, and port development assessments. The city also estimates that about 35 percent, or \$4.5 million, of the sales tax collected comes from visitors.

MS. MACKEY said the cruise industry in Ketchikan provides 1,350 direct jobs and about \$76 million in labor income. The port calls initially scheduled for this year have already dropped 55 percent and passenger estimates have declined even more. The associated spending is expected to drop as well.

MS. MACKEY reported that about 90 percent of the businesses in Ketchikan are either local or Alaska-owned and most have not received any revenue from their businesses since October 2019. If there is a season in 2022, these businesses will have lost 2.5 years of revenue.

[1:45:36 PM](#)

BETH WELDON, Mayor, City and Borough of Juneau (City and Borough of Juneau), Juneau, Alaska, stated that having no ships visiting last year was devastating to Juneau, the Southeast region, and the Interior. She reported that CBJ loses \$26 million in sales tax and passenger fees each lost cruise season, not including the associated collateral costs to businesses and employment. She expressed appreciation for the legislature's efforts on behalf of the communities that rely heavily on the cruise industry for their budgets and citizens' livelihoods.

SENATOR STEVENS expressed thanks to the Mayor for hosting the legislature every year and helping to provide vaccines to the 450 people who work in the capitol building.

MAYOR WELDON said she appreciated the recognition and hoped that many would take advantage of the vaccinations.

CHAIR COSTELLO echoed Senator Stevens' comments. She pointed out the letters in the bill packets in support of and a few in opposition to the resolution.

[1:47:56 PM](#)

CHAIR COSTELLO opened public testimony on SJR 9. Finding none, she said she would hold public testimony open through the next meeting. She asked the sponsor if he had closing comments.

[1:48:23 PM](#)

SENATOR KIEHL reported the breaking news that both Alaska's senators had introduced legislation to address this issue.

CHAIR COSTELLO asked him to share what happens to and who receives a copy when a resolution goes to Washington, D.C.

SENATOR KIEHL explained that a formal copy of the enacted resolution will be sent to the individuals listed in the resolution, including the president and vice president, the Alaska congressional delegation, and all the other members of the U.S. Congress. He expressed appreciation to the committee members for becoming cosponsors and said the number and breadth of the cosponsors sends the important message that this is a one-off step. It defies political lines and calls for political help to save the Alaska economy in a specific way.

CHAIR COSTELLO voiced support for the tourism industry and noted that the return on investment is about \$35 for each dollar invested.

CHAIR COSTELLO held SJR 9 in committee.

1:51:27 PM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 1:51 p.m.